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A NEW INDUSTRIAL DEMOCRACY

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There is a growing feeling among employers that working conditions in their stores and industrial undertakings must be improved. There are some who have for many years, at least, cared scrupulously for the well-being of their workers. But only within the last two or three years has this movement on the part of employers reached any considerable proportions. On the part of many it is doubtless the expression of fear—fear of public opinion, fear of organized labor, fear of legislation. On the part of most, however, it is doubtless the *bona fide* expression of interest in the well-being of their workers and a genuine desire to improve conditions.

We have, it is true, legislation enforcing certain minimum conditions of work and labor, but legislation is after all conditioned by that unsocial barrier, practicability. The law is not what it should be, is not what the experts know is best; it is a compromise between what is best and what inferior employers desire. It is a compromise effected by an untechnical and oftentimes insincere body of law makers. Legislation, therefore, has one and only one function in improving working conditions, namely, to bring recalcitrant employers up to a minimum level set by law.

There must always be employers who will go beyond this; employers, who in their own plants enforce conditions far superior to those set by law. There must be employers who will go forward and blaze out the trails of progress; trails which later the cumbersome wheels of legislation will follow. Such an employer was Robert Owen. In his mills at New Lanark, Scotland, Owen showed that it is not necessary to build up any business upon the lives and health of little children. He showed that a village can at the same time be a mill community and a desirable place to live in. He demonstrated the practicability of the labor laws, which have been enacted in England, almost up to the present time. Similarly, employers in this country are gradually testing out improvements

and practical plans for improvement in advance of current labor legislation. Upon these experiments our further advance depends.

Employers are gradually beginning to realize that they have grave responsibilities; that they hold in the hollows of their hands the well-being and happiness of the men and women who are dependent upon them for their daily bread. Employers are beginning to realize that they have at their disposition by far the largest part of the waking time of their employees. These facts have led employers to investigate the conditions in their plants and to take definite and consistent steps for their improvement. There has been a considerable movement on the part of employers in this direction, a movement which is gaining rapid headway and bids fair to outstrip the accomplishments of merely interested outsiders.

A.

This movement among employers has taken, in the main, three directions: first, the betterment of physical conditions and the physical environment of the workers; second, the improvement of the wage system through more equitable methods of compensation; third, the increase of the efficiency of the workers.

Either of two motives may actuate the employer who betters the physical environment of his workers: the betterment of the health of the workers for their own sake, or the recognition of the fact that a healthy working force is more efficient than a sickly one. How often employers are heard raising the plaintive cry that labor is inefficient and that good workmen are not to be found! And how seldom does the employer ask himself, "Is my plant one that is calculated to attract labor of the better sort? Is my plant any better, from the workman's point of view, than my neighbor's?" How can any employer expect to have good labor if the working conditions which he offers are inferior to, or even no better than, those of his competitors in the labor market? Some employers improve conditions on this account; their interest is a purely economic one. A few high-minded employers with some breadth of interest and sympathy, who have the real interests of their employees at heart, are improving conditions because they believe that their employees, as men and women, are entitled to decent and healthful working conditions.

Other employers are dissatisfied with the present systems of

wage payment, which either on the one hand do not reward men accurately for the work they do, or, on the other hand, drive them at an ungoverned pace. Time or day's work, piece work, parts work, are alike unsatisfactory. Time work puts the employer at a disadvantage and tends to reduce the workers to a dead level. Piece or parts work reduces all effort on the part of the workers, to a straining race against time, strength and health. Many methods of wage payment have been devised: profit sharing, with almost infinite variations, premium and bonus systems, which endeavor to reward the skilled and conscientious laborer on his merits, and others of lesser importance. In spite of the failure to find a generally satisfactory system, the effort has borne considerable fruit in showing the complexity of the problem and the desire of employers to effect a satisfactory solution.

The third phase of this growing movement among employers for the improvement of industrial conditions has been a well-considered attempt to improve the working efficiency of the labor forces. This is not exactly what is meant by scientific management, unless we can call it "scientific management of men." Here, again, some employers recognize the economic elements involved, and have in mind only the better utilization of plant and machinery and the increased product. Some employers, again, are really interested in their men and wish to have them improve themselves for their own sake and not because they will become better cogs in a big machine.

The best work to-day along lines of industrial education is being done either by employers of labor, as in the case of the big apprentice schools in some of our big factories, or with the active cooperation of employers, as at Cincinnati and at Fitchburg, Mass.

These last two are real experiments in industrial democracy. The different grades of students attend school either in the continuation schools, the cooperative high school or the cooperative engineering course at the University of Cincinnati.¹ At the same time they are working in the factories of Cincinnati. It might be thought that the young university students working at the wage rates of apprentices would arouse the opposition of the trades unions. One incident will show how this works itself out. A labor union was holding a meeting one evening, preparatory to calling a strike. In the midst of the meeting, some one arose and protested against

¹ See page 126.

"those young college fellows coming down here and working below the union scale, and taking the food out of our mouths." The man had no sooner indicated what he had to say than men from all parts of the room were clamoring to be recognized. One man succeeded and spoke thus in words fraught with social meaning: "Men, I have a son. This is the first chance he ever had to make something out of himself, and, by God, the man who tries to take it away from him, walks over my dead body." No one has ever raised the question again, and during the strike that followed, the students were the only workers, and they passed in and out the lines of pickets unmolested.

Another kind of effort to promote efficiency is the study of motions or what might be called the new "science of work." This study of motions aims to accomplish the result in the shortest possible time, not by speeding up nor by driving, but by eliminating all unnecessary parts of the process and using only the fewest necessary movements.

These efforts to promote efficiency aim to make better and more efficient workmen; if they succeed in this, their success in improving conditions follows as a consequence. Let us turn now from what the employer has done or is trying to do to consider for a moment modern industrial organization from a historical point of view.

B.

It is unnecessary here to recount the often-repeated history of the industrial revolution and of the development of the factory system. There are, however, some consequences of the latter that seem to have been neglected. The introduction of the factory system into the field of production doubtless wrought great economies, but the process is by no means finished and will not be for some time to come. In fact, our whole industrial system is still in a state of transition. Waste and slovenly management of materials and resources are apparent everywhere. Scientific management, if it has done nothing more, has served to emphasize the wastes of our present system.

Two very important elements of efficiency were lost in the change from the handicraft or domestic system of production to the factory and large scale system. These elements of efficiency were: first, the carefully educated and trained workman; and

second, the close personal relation between employer and employee. Under the old system, the youth entered the employ of the master and learned the entire trade from beginning to end. When finished, he became a journeyman and went forth to learn what others could teach him. He then became himself a master, skilled in every branch of his trade. To-day, a careful and competent workman is almost a thing of the past, while the master workman is not a product which is being cultivated in the United States.

The second element of efficiency which was lost in the development of the factory system was, if possible, even more important. "In Ye Olden Days" the master with all his workmen sat about a single table, his wife on his left hand, then his children, and then his journeymen, one by one, beginning with the eldest, and ending at his right hand with the newest and often the youngest apprentice. To-day, the average employer; in a large shop or factory, does not know his employees either by name or by face. He has no personal dealings with them whatever, and the sympathy and understanding between them, as man and man, have passed away entirely. The same thing takes place when the small factory develops into a big factory, when the small employer grows beyond the point when he knows his workmen by their given names. When he is no longer able to go into the shop and to recognize his men individually, mutual sympathy between employer and employee ceases to exist and one great element of efficiency is lost.

This gap between employer and employee has been greatly widened by the growing unfriendliness of trades unions and labor organizations, and by the socialistic propaganda of class consciousness. We have reached a state to-day, in the relations of employee and employer, where simple friendliness is well nigh impossible.

Determined efforts are being made among employers who recognize the real difficulties to replace these two elements of efficiency. The movement for trade and industrial training which has already been mentioned aims to replace the careful, all-round trades training which was formerly given by the master. Employers are also endeavoring to replace the close personal relations which were lost in the development of the factory system and in the development of large labor forces. They are attempting to do this by putting into their system of management a person who performs all their personal and social functions for them and who represents them

in the purely personal relations which should exist between employer and employee. This person is sometimes called a social secretary, a welfare secretary, a service secretary, sometimes only a counsellor, a nurse, a teacher, or sometimes by no particular title.

The essential point is that two distinct elements of efficiency have been lost in the development of large industries. The attempt to restore them is not charity, it is not philanthropy, it need not be social justice; it is good management, it is good business.

C.

Let us look at this industrial democracy from another point of view. The most distinguished and most significant development in modern political history has been the growth of the spirit of democracy. Our own country was a pioneer. Other countries, one by one, have followed our example until even benighted China has fallen into line. The growth of democracy has everywhere seen the putting away of monarchies or the serious limitation of their prerogatives, the breaking down of arbitrary power and the substitution of liberty of thought, a certain freedom of action and the right to self-government. But the growth of democracy has been largely confined to politics and political privileges. Slowly, very slowly, if we compare progress there with the swift, brilliant storming of the strongholds of political privilege, has the idea of democracy taken root and grown in the industrial world.

The evidences of the growth of democracy in the field of industry are many. Perhaps the strongest and most important is the development of the organization of labor. Nowhere has the spirit of democracy been so crude, because it has mistaken the idea of equality for that of democracy. It has urged equality, but only within a single trade. At present there is another great movement, more democratic than the old, which sets up no trade or craft as the basis of an aristocracy of labor but which tries to unite all workers in a general cause of class progress. On the other hand, there are here and there springing up little industrial republics in the shape of producing and distributing cooperative societies. Here we find the workers themselves not only striving to take part in the management of industry, but actually forming among themselves independent self-governing industrial units.

Nothing can be clearer than the real objective of present day

trade unionism. This objective, however, is often not expressed, nor even conscious, but it is an objective toward which in fact the labor movement is groping and toward which real progress is being made. This is no less than the democratization of industry. It is the tangible and later expression in the industrial world of the spirit of democracy which found earlier expression in the revolt against political despotism. For proof of this one has to look only at the history of recent labor conflicts in this country. The shirt-waist strike, the cloak-makers' strike, the furriers' strike, all in New York; the tailors' strike in Chicago, and the strike at Lawrence, Mass., are typical in this respect. All disclosed new motives, hitherto hidden or unimportant. What was the main issue in each of these labor conflicts? Was it wages? Was it hours of labor? Was it conditions in the workshop? Was it any of the issues which have been fought over and over, and when won only set the standard a little higher, to be raised again in a few months or a year? The real issue is no longer any of these. It is that of the "closed shop," and this is simply another way of raising the question whether or not the working man shall have a voice in the management of the industrial state of which he is a member. An employer may pay high wages, he may give short hours of labor, he may provide the best working conditions possible. He may still have labor difficulties, and may wonder why his men are dissatisfied and why they insist on making larger and larger demands. He will continue to wonder until he sees that the essential thing is not conditions or wages or hours, but democracy, and that until the men have some share in the management of the plant continued difficulties will result.

Such an outcome is inevitable. We educate our youth at much trouble and expense to an understanding of democratic privileges and duties. We impress upon our immigrant population the fact that under a democracy they have certain privileges and duties. But those privileges and duties are only occasionally exercised; during most of the three hundred and sixty-five days of the year, as workers in stores and factories, they are under a control that leaves little real democratic freedom in their every-day lives.

Political rights are relatively remote, industrial rights are immediate and full of significance. Political rights are personally unimportant, industrial rights are the bread and butter in every man's family.

The rise of socialism can be explained on no other ground than this: it is the expression in tangible form of a desire on the part of men to have industrial democracy. Socialism is not a political scheme; it is primarily industrial and in a less degree social. Socialism seeks industrial equality, but which it mistakenly regards as synonymous with equality of opportunity in industry. The real meaning of industrial democracy is an equality of opportunity in industry, a thing which cannot be realized until industrial despotism is replaced by a representative form of management in industry.

D.

Let us view the whole problem from another angle, that of the employer:

In every line of industry where there are any considerable number of men employed, there are certain things which employers specially desire and which they hold to be indispensable to success. There is one thing, however, which is always paramount. Good light, access to a convenient market, a plentiful supply of cheap power, up-to-date machinery, and many other business necessities are valuable. But no one of these is the most essential thing. The one thing that is most important is labor.

There are in fact two things above all others that employers desire:

1. Efficiency in the workers as individuals.
2. Efficiency in the labor force as a whole.

Andrew Carnegie once said: "Take away my mines, sink my ships, confiscate my railroads, burn my mills, scrap my machinery, but leave me one thing—my organization, and I will rebuild my business within five years as great as before." Mr. Carnegie is paying tribute here to the thing which above all others won him success.

The essential element which the successful employer and the good manager seeks is a large number of efficient units, working together as one smoothly running, efficient whole, an organization working as one man, rejoicing in their work and proud to do it well. The significant fact is that the time has passed when this can be attained by brutality, coercion, threats or violence. The employer who in the future uses methods such as these will find his pathway strewn with a succession of labor troubles.

The value of organization that develops *esprit de corps* cannot be better illustrated than by the following experience:

A Brooklyn laundry employed a woman whose duties were to look after the girls employed there, to guide the social activities of the establishment, to conduct a lunch room and rest room, to act as nurse, physician and counsellor—in short, to create an *esprit de corps* among the workers. There were many scoffers at this policy, and one man boasted loudly that “this sort of business would not last a year.” Not long after her appointment, the laundry building burned to the ground. The laundry business, unlike many others, cannot stack up its orders and wait. If it ceases to work for a single week, or even gets its deliveries out later than Saturday night, it ceases to be a laundry in any active sense of the term. The fire occurred on Saturday night. Sunday and a part of Monday only could be used to find new quarters, which consisted of attics and a basement, and some other places which were available for night work. The fire occurred just before the holidays, when the demand for girls especially at the department stores was constant and the wages offered were high. During the six weeks following the fire, that working organization hung together in spite of the basement and attics, night work and Sunday work. Out of a force of one hundred people only two deserted in this emergency. And the man who had scoffed at the innovation came to the president of the concern and said to him: “Any firm that has an organization such as yours needs no other security. Here is \$100,000, go and build a new factory.”

There is no special reason why this sort of common sense on the part of employers should be called by any particular name. Yet it is still sufficiently rare to be in many respects remarkable. The fact is that it is merely good management for an employer to seek to create among his employees, an *esprit de corps*. It is only a very essential part of good management that he should seek to develop an efficient working force, an efficient whole composed of efficient individuals. He cannot develop such an efficient whole in a poorly ventilated, unsanitary shop, where workers are always at low ebb of vitality. He cannot have a satisfied group of workers so long as they feel that they are not adequately rewarded for what they do, nor as long as one thinks that he is not as well paid as his fellows. Nor is it possible for the employer to develop this effi-

cient working force from a number of inefficient or unskilled individuals. But, above all, the employer should recognize that his men are human, and that arbitrary and despotic control is a thing of the past, in industrial management as well as in political government. Employers must recognize that until employees have some share of jurisdiction over conditions relating to themselves labor difficulties will continue.

There are two examples in recent experience that illustrate the possible directions which this new industrial democracy will take. These two experiments are quite different; for one is being carried out entirely within a single establishment, while the other comprehends an entire local industry.

In the first case, the employees are strongly organized, not in a trade union, but in an organization for self-government and for control of all working conditions. The organization is a complete one, with all the officers and committees necessary for making it completely democratic. Elections, which are held annually, are close and exciting and the electioneering and campaigning is vigorous. Committees are appointed, and these have jurisdiction over certain features of the work of the employees' organization. There is a library committee, a lunch room committee, a suggestion committee and others throughout the whole range of activities. The organization through its regularly elected board has final jurisdiction over all questions concerning the workers. Disputes regarding wages, hours, holidays and working conditions and all other questions are settled *finally* by this board. The power reposed in the board is so great that no employee can be discharged without its consent. If the superintendent wishes to discharge a worker, consent must be given by the board, composed of employees. The plan in this instance has worked out with great success. The firm during the last decade has been probably the most prosperous of the kind in the locality. The explanation is not far to seek, for here is an establishment where every employee has a vital interest and every employee has a share in the management.

The second experiment is the result of a prolonged and hard-fought labor conflict, out of which emerged the Joint Board of Sanitary Control.² The cloak and suit industry had been carried on for many years by the labor of men and women, notoriously

² See pp. 39-58.

overworked and underpaid. The general working conditions of the industry were especially bad. In the agreement of settlement there was provided a joint board composed of representatives of the workers, the employers, and the public at large, which was to have jurisdiction over the working conditions in all the shops. The board to-day maintains offices and an inspecting staff and the administration of it is practically in the hands of representatives of the employees. The rules of the board are law in the various shops, and failure to comply with these regulations at once gives valid reason for the withdrawal of all the workers.

There are points of strength and weakness in each form of organization. In the organization within a single concern, the entire success of the experiment depends on the good will and sympathy of the employer. This once attained, freedom of development and increase of functions in the hands of the employees are likely to grow rapidly. This form of organization will be slow to develop, for the average employer is very conservative, and it takes many hard knocks to convince him that the old policy toward his employees is fundamentally wrong. On the other hand, the organization of an industry such as the cloak and suit industry in New York, suffers because it is the result of an alignment of employers against employees, and more or less consciously, the idea of opposition dominates each side, making absolute cooperation almost impossible for a long time. Still this form of organization forces many employers into line who would otherwise not recognize the rights of any man.

In short the first form offers the advantages of a much more highly developed type of industrial democracy. The second, though less developed in this respect, has possibilities of wider scope and of more rapid extension within an industry.

The movement for the all-round betterment of working conditions is advancing rapidly in this country. Not only are individual employers becoming more and more interested, but national and local organizations of employers are actively engaged in investigating and putting into practice the best of what has been tried out. It is not too much to expect that marked advances will be made in the near future largely through the agency of employers themselves.